

HOUSE BILL NO. 5062

June 17, 2021, Introduced by Reps. Bolden, Brenda Carter, Outman, Morse, Clements, Posthumus and Breen and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending section 521a (MCL 436.1521a), as amended by 2014 PA 270.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 521a. (1) In order to allow cities, villages, and
2 townships to enhance the quality of life for their residents and
3 visitors to their communities, the commission may issue public on-
4 premises licenses in addition to those quota licenses allowed in

1 cities, villages, and townships under section 531(1). The ~~licenses~~
2 **commission may issue a license** under this section ~~shall be issued~~
3 ~~to businesses to a business~~ that ~~meet-meets~~ either of the following
4 conditions:

5 (a) ~~Are-Is~~ located in a redevelopment project area meeting the
6 criteria described in subsections (3) and (4) and ~~are-is~~ engaged in
7 activities determined by the commission to be related to dining,
8 entertainment, or recreation.

9 (b) ~~Are-Is~~ located in a development district or area that is
10 any of the following:

11 (i) An authority district established under ~~the tax increment~~
12 ~~finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.~~ **part 3**
13 **of the recodified tax increment financing act, 2018 PA 57, MCL**
14 **125.4301 to 125.4329.**

15 (ii) A development area established under ~~the corridor~~
16 ~~improvement authority act, 2005 PA 280, MCL 125.2871 to~~
17 ~~125.2899.~~ **part 6 of the recodified tax increment financing act, 2018**
18 **PA 57, MCL 125.4602 to 125.4629.**

19 (iii) A downtown district established under ~~1975 PA 197, MCL~~
20 ~~125.1651 to 125.1681.~~ **part 2 of the recodified tax increment**
21 **financing act, 2018 PA 57, MCL 125.4201 to 125.4230.**

22 (iv) A principal shopping district established under 1961 PA
23 120, MCL 125.981 to 125.990n.

24 (2) The commission shall not issue a license under subsection
25 (1)(a) unless the applicant fulfills the following in relation to
26 the licensed premises:

27 (a) Provides the activity described in subsection (1)(a) not
28 less than 5 days per week.

29 (b) Is open to the public not less than 10 hours per day, 5

1 days per week.

2 (c) Presents verification of redevelopment project area status
3 to the commission that includes the following:

4 (i) A resolution of the governing body of the city, village, or
5 township establishing its status as a redevelopment project area.

6 (ii) An affidavit from the assessor, as certified by the clerk
7 of the city, village, or township, stating the total amount of
8 investment in real and personal property within the redevelopment
9 project area of the city, village, or township during the preceding
10 3 years.

11 (iii) An affidavit from the assessor, as certified by the clerk
12 of the city, village, or township, separately stating the amount of
13 investment money expended for manufacturing, industrial,
14 residential, and commercial development within the redevelopment
15 project area of the city, village, or township during the preceding
16 3 years.

17 (3) Relative to the licenses issued under subsection (1)(a),
18 the amount of commercial investment in the redevelopment project
19 area within the city, village, or township ~~shall~~**must** constitute
20 not less than 25% of the total investment in real and personal
21 property in that redevelopment project area as evidenced by an
22 affidavit of the assessor of the city, village, or township. This
23 subsection does not prevent the city, village, or township from
24 realigning the redevelopment project area in the presentment of
25 verification provided for under subsection (2)(c).

26 (4) In relation to a license issued under subsection (1)(a),
27 an applicant ~~shall~~**must** be located in a city, village, or township
28 that meets at least 1 of the investment requirements of subsection
29 (1)(a) during the 3 years preceding the submission of its

1 application. The total investment in real and personal property in
 2 the redevelopment project area within the city, village, or
 3 township over the appropriate time period described in this
 4 subsection ~~shall~~**must** be at least 1 of the following:

5 (a) Not less than \$50,000,000.00 in cities, villages, or
 6 townships having a population of 50,000 or more.

7 (b) Not less than an amount reflecting \$1,000,000.00 per 1,000
 8 people in cities, villages, or townships having a population of
 9 less than 50,000.

10 (5) The commission may issue a license under subsection (1)(a)
 11 for each monetary threshold described in subsection (4)(a) and (b),
 12 and, after reaching the initial threshold, 1 additional license for
 13 each major fraction ~~thereof~~**of the monetary threshold** above that
 14 original threshold.

15 (6) The following apply to a license issued under subsection
 16 (1)(b):

17 (a) The amount expended ~~for the rehabilitation or restoration~~
 18 ~~of~~**for new construction, or to rehabilitate or restore** the building
 19 that housed the licensed premises, ~~shall~~**must** be not less than
 20 \$75,000.00 over a period of the preceding 5 years or a commitment
 21 for a capital investment of at least that amount in the building
 22 that houses **or will house** the licensed premises, that must be
 23 expended before the issuance of the license.

24 (b) The total amount of public and private investment in real
 25 and personal property within the development district or area ~~shall~~
 26 **must** not be less than \$200,000.00 over a period of the preceding 5
 27 years as verified to the commission by means of an affidavit from
 28 the assessor, as certified by the clerk of the city, village, or
 29 township.

1 (c) The licensed business is engaged in dining, entertainment,
2 or recreation, is open to the general public, and has a seating
3 capacity of not less than 25 persons.

4 (7) The commission may issue 1 license **under subsection (1) (b)**
5 for each monetary threshold described in ~~subsection~~**subsections**
6 **(6) (a) and (6) (b)**, or for each major fraction ~~thereof.~~**of the**
7 **monetary threshold**. The initial enhanced license fee for a license
8 issued under this section is \$20,000.00.

9 (8) The commission shall not transfer a license issued under
10 this section to another location. If the licensee goes out of
11 business, the licensee shall surrender the license to the
12 commission. The governing body of the city, village, or township
13 may approve another applicant within a redevelopment project area
14 **described in subsection (1) (a)** or development district or area
15 **described in subsection (1) (b)** to replace a licensee who has
16 surrendered the license issued under this section provided the new
17 applicant's business meets the requirements of this section but
18 without regard to subsections (2) (c), (3), and (4) or subsection
19 (6) (b).

20 (9) The individual signing the application for the license
21 shall state and demonstrate that the applicant attempted to secure
22 an appropriate on-premises escrowed license or quota license issued
23 under section 531 and that, to the best of his or her knowledge, an
24 on-premises escrowed license or quota license issued under section
25 531 is not readily available within the county in which the
26 applicant proposes to operate.

27 (10) As used in this section:

28 (a) "Escrowed license" means a license in which the rights of
29 the licensee in the license or to the renewal of the license are

1 still in existence and are subject to renewal and activation in the
2 manner provided for in R 436.1107 of the Michigan ~~administrative~~
3 ~~code~~ **Administrative Code**.

4 (b) "Readily available" means available under a standard of
5 economic feasibility, as applied to the specific circumstances of
6 the applicant, that includes, but is not limited to, the following:

7 (i) The fair market value of the license based on where the
8 applicant will be located, if determinable.

9 (ii) The size and scope of the proposed operation.

10 (iii) The existence of mandatory contractual restrictions or
11 inclusions attached to the sale of the license.